Alberta

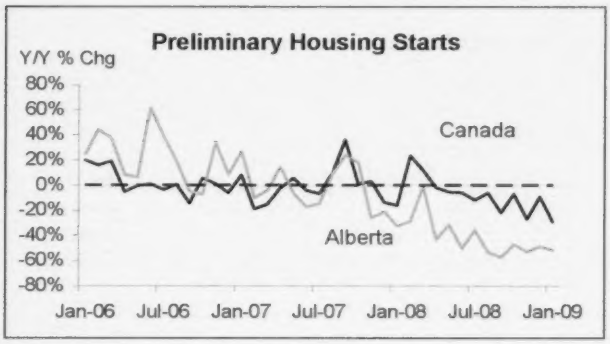
# Weekly Economic Review

February 13, 2009

## Housing Market

***Continued deterioration in housing…***

The Alberta housing market continued its decline in January, with housing starts down 51.5% from January 2008. This was the largest decline among the provinces, although every province west of Quebec saw a double-digit decrease.




## Non-residential Construction Costs

***Construction costs are easing…***

Non-residential construction prices in Edmonton and Calgary fell by approximately 5% between the third and fourth quarters of 2008, marking the first declines since 1993. However, on a year-over-year basis, both Edmonton and Calgary saw price increases: up 7.1% and 10.4% respectively.

## International Merchandise Trade

***Canada's trade surplus disappears...***

Due to falling commodity prices and lower exports, December marked the first Canadian merchandise trade deficit since March 1976. The collapse was particularly acute for petroleum exports, which fell 29.1% to $2.8 billion. Even agricultural and fishing product exports declined, reversing an upward trend that began in June 2006. For 2008 as a whole, Canada recorded a trade surplus of $47 billion, a nearly $1 billion decline from 2007. In contrast, the U.S. trade balance improved slightly in 2008, as their deficit shrank by 3.3% to $677 billion.

| | |
|---|---|
| **Canadian Dollar (US¢/CS)** | |
| February 13, 2009 | 80.43 |
| February 6, 2009 | 80.72 |
| 2008-09 YTD | 91.09 |
| **WTI Oil US$/bbl** | |
| February 12, 2009 | $ 33.98 |
| February 5, 2009 | $ 41.17 |
| 2008-09 YTD | $ 92.57 |
| **Nymex Natural Gas CS/MMBtu** * | |
| **February Contract** | |
| February 13, 2009 | $ 5.51 |
| February 6, 2009 | $ 5.65 |

* Estimate based on Nymex Futures Market Price

## Insolvency Statistics

***Consumer bankruptcies pick up...***

Consumer bankruptcies in Alberta totalled 606 last December, an increase of 106% from December 2007 and considerably more than the 50.6% increase experienced by Canada as a whole. However, the rise in Albertan bankruptcies occurred from a very low starting point – during 2007 Alberta had only 1.4 bankruptcies per 1000 people, as compared to a national rate of 2.4.

## Motor Vehicle Sales

***A global trend of falling motor vehicle sales...***

New vehicle sales in Alberta weakened to a seasonally-adjusted 16,110 in December, a 23.3% decline from December 2007. Overall Canadian sales showed a similar trend, down 21.0%. The national decline was lead by a 20.4% drop in sales of new trucks, the largest fall since January 1998.

## Oil Prices

***An unrelenting stream of negative news…***

Oil fell to $33.98 at Thursday's market close, a new closing low for the year. The continued malaise in the oil market has been fed by growing doubts about the effectiveness of the $789 billion U.S. stimulus package and rising U.S. oil inventories. Compounding the problem was the report of a sharper-than-expected 1.5% quarter-over-quarter contraction in Eurozone GDP, its worst performance in at least 13 years.

# Alberta CURRENT ECONOMIC INDICATORS

February 13, 2009

| Overall Economy | 2007 | 2008 | 2009YTD* | (year-over-year % change unless otherwise noted) August | Sept | Oct | Nov | Dec | Jan |
|---|---|---|---|---|---|---|---|---|---|
| Real GDP (in 2002 $billions) | 187.5 | -- | -- | -- | -- | -- | -- | -- | -- |
| % change | 3.1 | -- | -- | -- | -- | -- | -- | -- | -- |
| Nominal GDP ($ billions) | 258.9 | -- | -- | -- | -- | -- | -- | -- | -- |
| % change | 8.1 | -- | -- | -- | -- | -- | -- | -- | -- |
| Population[1] (000's) (level) | 3,511 | 3,585 | -- | -- | -- | 3,611 | -- | -- | -- |
| % change | 2.6 | 2.1 | -- | -- | -- | 2.4 | -- | -- | -- |
| Net Interprovincial Migraton[1] (level) | 33,809 | 10,010 | -- | -- | -- | 4,927 | -- | -- | -- |
| Net International Migration[1] (level) | 16,136 | 19,283 | -- | -- | -- | 4,907 | -- | -- | -- |
| Net Non-permanent Residents[1] (level) | 13,539 | 17,890 | -- | -- | -- | 8,061 | -- | -- | -- |
| **Labour Market** | | | | | | | | | |
| Employment (000's) | 1,959 | 2,013 | 2,025 | 2,007 | 2,022 | 2,035 | 2,032 | 2,023 | 2,025 |
| % change | 4.7 | 2.8 | 1.2 | 1.9 | 2.3 | 3.2 | 3.2 | 1.5 | 1.2 |
| Unemployment Rate (%) | 3.5 | 3.6 | 4.4 | 3.5 | 3.8 | 3.7 | 3.5 | 4.2 | 4.4 |
| Average Hourly Wage Rate | 6.0 | 5.7 | 6.2 | 5.3 | 5.5 | 6.2 | 5.0 | 4.1 | 6.2 |
| Average Weekly Earnings | 4.5 | 4.9 | -- | 5.3 | 5.8 | 3.9 | 5.8 | -- | -- |
| Labour Income[2] | 11.4 | 8.6 | -- | 8.3 | 8.2 | -- | -- | -- | -- |
| **Price Indices** | | | | | | | | | |
| Consumer Price Index | 5.0 | 3.1 | -- | 4.0 | 2.8 | 2.4 | 2.1 | 1.9 | -- |
| Excluding food and energy | 4.9 | 1.9 | -- | 1.5 | 1.1 | 1.3 | 1.8 | 1.7 | -- |
| Non-Res. Const. Cost Index[3] (quarterly) NEW! | 17.3 | 13.2 | -- | 16.1 (Q3) | -- | -- | 8.8 (Q4) | -- | -- |
| Farm Product Price Index | 13.5 | 12.4 | -- | 14.9 | -0.5 | 0.5 | -1.8 | -- | -- |
| Crops | 39.5 | 31.9 | -- | 16.4 | -4.5 | -9.8 | -13.5 | -- | -- |
| Livestock | 0.8 | 0.8 | -- | 10.5 | 9.8 | 13.4 | 14.2 | -- | -- |
| **Household Sector** | | | | | | | | | |
| Housing Starts (SAAR, 000's) NEW! | 48.1 | 29.0 | 17.2 | 23.3 | 24.1 | 25.2 | 20.5 | 20.0 | 17.2 |
| % change | -2.1 | -39.7 | -51.5 | -53.0 | -57.2 | -46.8 | -52.7 | -48.3 | -51.5 |
| New Housing Price Index | 22.5 | 0.7 | -- | -3.3 | -3.4 | -4.5 | -5.1 | -6.1 | -- |
| Edmonton NEW! | 32.1 | 1.0 | -- | -5.7 | -5.8 | -7.7 | -7.9 | -8.2 | -- |
| Calgary | 16.2 | 0.6 | -- | -1.1 | -1.2 | -1.6 | -2.5 | -4.3 | -- |
| MLS Average Resale Prices | 24.3 | -1.4 | -- | -5.2 | -5.0 | -3.7 | -4.2 | -7.4 | -- |
| Edmonton | 34.3 | -2.0 | -- | -4.8 | -5.6 | -8.6 | -2.0 | -5.7 | -- |
| Calgary | 18.7 | -2.9 | -- | -8.0 | -6.0 | -5.6 | -6.0 | -9.4 | -- |
| Retail Sales | 9.3 | 0.6 | -- | -3.1 | 2.1 | 3.1 | -5.7 | -- | -- |
| New Motor Vehicle Sales NEW! | 3.3 | -7.2 | -- | -13.5 | -1.9 | -2.6 | -11.6 | -23.3 | -- |
| **Business Sector** | | | | | | | | | |
| Public and Private Investment[4] | 4.9 | 3.8 | -- | -- | -- | -- | -- | -- | -- |
| Mining and oil and gas[4] | -5.5 | -0.8 | -- | -- | -- | -- | -- | -- | -- |
| Rigs Drilling | -35.2 | -2.1 | -24.4 | 10.7 | 6.9 | 18.3 | 3.5 | -10.2 | -24.4 |
| Goods Exports (customs based) | 5.5 | 37.9 | -- | 45.4 | 52.5 | 47.1 | 17.2 | -- | -- |
| Energy | 4.4 | 47.0 | -- | 55.1 | 66.1 | 56.2 | 19.3 | -- | -- |
| Agriculture | 12.4 | 28.9 | -- | 21.5 | 24.3 | 31.3 | 35.4 | -- | -- |
| Total Farm Cash Receipts (quarterly) | 11.9 | 18.4 | -- | -- | -- | -- | 18.4 (Q3) | -- | -- |
| Manufacturing Shipments | 1.9 | 8.4 | -- | 10.1 | 21.0 | 8.9 | -4.3 | -- | -- |
| Wholesale Trade | 4.5 | 10.5 | -- | 11.7 | 21.4 | 14.8 | 6.8 | -- | -- |
| Building Permits | 13.4 | -16.6 | -- | -31.2 | -17.3 | -42.4 | -13.4 | -33.1 | -- |
| Residential | 10.7 | -32.2 | -- | -46.5 | -44.5 | -34.2 | -38.6 | -39.9 | -- |
| Non-residential | 17.1 | 4.2 | -- | -8.2 | 29.4 | -48.9 | 24.3 | -25.2 | -- |

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* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30). Year-to-date value is actual 2008. The October population estimate is also the 2009 year-to-date value.

[2] Total income earning in Alberta including wages and salaries, and supplementary income.

[3] Average of Calgary and Edmonton.

[4] 2008 based on initial investment intentions, 2007 preliminary actuals.

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association) and Rigs Drilling (Canadian Association of Oilwell Drilling Contractors).

Alberta

# CURRENT ECONOMIC INDICATORS, BY PROVINCE

| | Canada | Nfld. | P.E.I. | N.S. | N.B. | Que. | Ont. | Man. | Sask. | Alta. | B.C. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Conference Board Forecast (Autumn 2008)** | | | | | | | | | | | |
| Real GDP Growth | | | | | | | | | | | |
| 2007 (actuals, Statistics Canada) | **2.7%** | 9.1% | 2.4% | 1.7% | 1.7% | 2.7% | 2.3% | 3.3% | 2.5% | **3.1%** | 3.0% |
| 2008 | **0.7%** | 1.5% | 0.7% | 1.5% | 1.0% | 0.9% | 0.2% | 2.7% | 5.2% | **1.2%** | 1.2% |
| 2009 | **1.5%** | -0.7% | 1.3% | 1.0% | 0.8% | 1.5% | 0.8% | 2.4% | 3.6% | **2.6%** | 1.8% |
| **Population (As of October 1, 2008)** | | | | | | | | | | | |
| Population | **33,441,277** | 508,944 | 140,750 | 939,125 | 747,790 | 7,771,854 | 12,977,059 | 1,210,547 | 1,020,847 | **3,610,782** | 4,405,534 |
| Annual Growth Rate[a] | **1.19%** | 0.30% | 1.54% | 0.26% | 0.19% | 0.87% | 1.07% | 1.10% | 1.49% | **2.36%** | 1.64% |
| **Net Interprovincial Migration** | | | | | | | | | | | |
| 2008 Census Year (July 1 2007 to June 30 2008) | | 1,299 | 42 | -117 | -325 | -12,399 | -16,522 | -503 | 8,067 | **10,010** | 11,458 |
| 3rd Quarter (July 1 to September 30 2008) | | 823 | 127 | -722 | -741 | -3,046 | -3,200 | -1,515 | 2,064 | **4,927** | 1,484 |
| **Employment** | | | | | | | | | | | |
| Level Change (000s)[b] | **-109.9** | -7.4 | -1.9 | 2.6 | 3.2 | -39.2 | -70.2 | 3.5 | 16.6 | **23.5** | -40.6 |
| Percent Change[b] | **-0.7%** | -3.6% | -2.9% | 0.6% | 0.9% | -1.0% | -1.1% | 0.6% | 3.3% | **1.2%** | -1.8% |
| Unemployment Rate, 2009 avg | **7.2** | 14.3 | 11.9 | 8.8 | 8.7 | 7.7 | 8.0 | 4.6 | 4.1 | **4.4** | 6.1 |
| Participation Rate, 2009 avg | **67.4** | 59.0 | 67.2 | 64.6 | 65.1 | 65.3 | 67.6 | 69.5 | 70.2 | **74.9** | 65.7 |
| **Average Weekly Earnings (SA)** | | | | | | | | | | | |
| November 2008 | **804.58** | 752.99 | 649.18 | 692.73 | 741.61 | 746.68 | 835.82 | 725.17 | 770.06 | **901.12** | 780.47 |
| % Increase[c] | **2.9%** | 3.8% | 2.0% | 2.1% | 3.3% | 2.4% | 2.6% | 2.8% | 4.4% | **4.9%** | 2.0% |
| Wage Settlements (November 2008) | | | | | | | | | | **4.8%** | |
| **CPI Inflation** | | | | | | | | | | | |
| December Annual | **1.2%** | 1.2% | 0.0% | -0.2% | -0.6% | 0.5% | 1.5% | 1.9% | 2.6% | **1.9%** | 1.2% |
| Excluding Shelter | **0.4%** | 0.0% | -0.4% | -0.8% | -1.1% | -0.2% | 0.5% | 1.0% | 0.4% | **0.6%** | 0.8% |
| **Housing Starts (000s)** | | | | | | | | | | | |
| SAAR January 2009 | **153.5** | 3.6 | 0.6 | 2.8 | 3.8 | 45.3 | 54.7 | 3.6 | 3.8 | **17.2** | 18.1 |
| **Retail Sales** | | | | | | | | | | | |
| Percent Change[c] | **4.1%** | 8.5% | 5.4% | 4.9% | 5.2% | 5.3% | 4.3% | 7.9% | 11.7% | **0.6%** | 1.4% |
| Avg. Monthly % Change (Jan-Nov 2008) | **-0.1%** | 0.4% | 0.5% | 0.2% | 0.2% | 0.2% | -0.1% | 0.2% | 0.4% | **-0.3%** | -0.5% |
| **Manufacturing Shipments** | | | | | | | | | | | |
| Percent Change[c] | **0.1%** | 32.8% | -3.3% | 11.3% | 18.8% | 2.3% | -4.6% | 1.8% | 19.3% | **8.4%** | -6.5% |

a. Over the past 12 months
b. January 2009 Y/Y change, unadjusted for seasonal effects
c. January 2008 to November 2008 (YTD)
SA-Seasonally Adjusted

Source: Statistics Canada, Canada Mortgage and Housing Corporation and Conference Board of Canada

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